

CHAPTER 1 SECTION 12.1C

PREAUTHORIZATION REQUIREMENTS FOR ACUTE HOSPITAL PSYCHIATRIC CARE EFFECTIVE OCTOBER 1, 1991

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DoD Authorization Act, 1991, Public Law 101-510

DoD Appropriations Act, 1991, Public Law 101-511

I. DESCRIPTION

In the National Defense Authorization Act for Fiscal Year 1991, Public Law 101-510 and the Defense Appropriations Act for 1991, Public Law 101-511, Congress firmly addressed the problem of spiraling costs for mental health services. Motivated by the desire to bring mental health care costs under control, Congress in both the Authorization and Appropriations Acts established certain benefit changes and management procedures. These statutes made two principal changes. First, they established new day limits for inpatient mental health services and secondly, they mandated prior authorization for all nonemergency inpatient mental health admissions, with required certification of emergency admissions within 72 hours.

II. POLICY

Effective October 1, 1991, preadmission and continued stay authorization is required before nonemergency inpatient mental health services may be cost-shared. Prompt continued stay authorization is required after emergency admissions. To comply with the statutory requirements and to avoid denial, requests for preadmission authorization on weekends and holidays are discouraged. The admission criteria shall not be considered satisfied unless the patient has been personally evaluated by a physician or other authorized health care professional with admitting privileges to the facility to which the patient is being admitted prior to the admission.

III. POLICY CONSIDERATIONS

A. Treatment of Mental Disorders. In order to qualify for mental health benefits, the patient must be diagnosed by an authorized licensed, qualified mental health professional to be suffering from a mental disorder, according to the criteria listed in the Diagnostic and Statistical Manual of Mental Disorders, 4th edition DSM-IV. Benefits are limited for certain mental disorders, such as specific learning disorders. No benefits are payable for "Conditions Not Attributable to a Mental Disorder", or V codes. In order for treatment of a mental disorder to be medically or psychologically necessary, the patient must, as a result of a diagnosed mental disorder, be experiencing both physical or psychological distress and an impairment in his or her ability to function in appropriate occupational, educational or social

roles. It is generally the degree to which the patient's ability to function is impaired that determines the level of care (if any) required to treat the patient's condition.

B. **Criteria for Determining Medical or Psychological Necessity.** In determining the medical or psychological necessity of acute inpatient mental health services, the evaluation conducted by the Director, TMA (or designee) shall consider the appropriate level of care for the patient, the intensity of services required by the patient, and the availability of that care. The purpose of such acute inpatient care is to stabilize a life-threatening or severely disabling condition within the context of a brief, intensive model of inpatient care in order to permit management of the patient's condition at a less intensive level of care. Such care is appropriate only if the patient requires services of an intensity and nature that are generally recognized as being effectively and safely provided only in an acute inpatient hospital setting. Acute inpatient care shall not be considered necessary unless the patient:

1. Needs to be observed and assessed on a 24-hour basis by skilled nursing staff, and/or
2. Requires continued intervention by a multidisciplinary treatment team; and in addition, at least one of the following criteria is determined to be met:
 - a. Patient poses a serious risk of harm to self and/or others.
 - b. Patient is in need of high dosage, intensive medication or somatic and/or psychological treatment, with potentially serious side effects.
 - c. Patient has acute disturbances of mood, behavior, or thinking.

C. **Emergency Admissions.** Admission to an acute inpatient hospital setting may be on an emergency or on a non-emergency basis. In order for an admission to qualify as an emergency, the following criteria, in addition to those in [paragraph III.B.](#) under POLICY CONSIDERATIONS must be met:

1. The patient must be at immediate risk of serious harm to self and or others based on a psychiatric evaluation performed by a physician (or other qualified mental health professional with hospital admission authority); and
2. The patient requires immediate continuous skilled observation and treatment at the acute psychiatric level of care.

D. **Preauthorization Requirements.** All non-emergency admissions to an acute inpatient hospital level of care must be authorized prior to the admission. The criteria for preauthorization shall be those set forth in [paragraph III.B.](#) under POLICY CONSIDERATIONS. In applying those criteria in the context of preauthorization review, special emphasis is placed on the development of a specific individualized treatment plan, consistent with those criteria and reasonably expected to be effective, for that individual patient.

1. The timetable for development of the individualized treatment plan shall be as follows:

- a. The development of the plan must begin immediately upon admission;
 - b. A preliminary treatment plan must be established within 24 hours of the admission;
 - c. A master treatment plan must be established within five calendar days of the admission.
2. The elements of the individualized treatment plan must include:
 - a. The diagnostic evaluation that establishes the necessity for the admission;
 - b. An assessment regarding the inappropriateness of services at a less intensive level of care;
 - c. A comprehensive biopsychosocial assessment and diagnostic formulation;
 - d. A specific individualized treatment plan that integrates measurable goals/objectives and their required level of care for each of the patient's problems that are a focus of treatment;
 - e. A specific plan for involvement of family members, unless therapeutically contraindicated; and
 - f. A discharge plan, including an objective of referring the patient to further services, if needed, at less intensive levels of care within the benefit limit period.
3. The request for preauthorization must be received by the reviewer designated by the Director, TMA prior to the planned admission. In general, the decision regarding preauthorization shall be made within one business day of receipt of a request for preauthorization, and shall be followed with written confirmation. In the case of an authorization issued after an admission resulting from approval of a request made prior to the admission, the effective date of the certification shall be the date of the receipt of the request. If the request on which the approved authorization is based was made after the admission (and the case was not an emergency admission), the effective date of the authorization shall still be the date of receipt of the request. If the care is found not medically necessary, however, and is not approved, the provider is liable for the services but has the right to appeal the "not medically necessary" determination.
4. Authorization prior to admission is not required in the case of a psychiatric emergency requiring an inpatient acute level of care, but authorization for a continuation of services must be obtained promptly. Admissions resulting from a bona fide psychiatric emergency should be reported within 24 hours of the admission or the next business day after the admission, but must be reported to the Director, TMA or a designee, within 72 hours of the admission. In the case of an emergency admission authorization resulting from approval of a request made within 72 hours of the admission, the effective date of the authorization shall be the date of the admission. However, if it is determined that the case was not a bona fide psychiatric emergency admission (but the admission can be authorized

as medically or psychologically necessary), the effective date of the authorization shall be the date of the receipt of the request.

5. Preadmission authorization is required even when the beneficiary has other health insurance because the statutory requirement is applicable to every case in which payment is sought, regardless of whether it is first payer or second payer basis.

E. Payment Responsibility

1. Any inpatient mental health care obtained without requesting preadmission authorization or rendered in excess of the 30/45 day limit (or beyond the DRG long-stay outlier) without following concurrent review requirements, in which the services are determined excluded by reason of being not medically necessary, is not the responsibility of the patient or the patient's family until:

a. Receipt of written notification by TRICARE or a TRICARE contractor that the services are not authorized; or

b. Signing of a written statement from the provider which specifically identifies the services which will not be reimbursed. The beneficiary must agree, in writing, to personally pay for the non-reimbursable services. General statements, such as those signed at admission, do not qualify.

2. If a request for waiver is filed and the waiver is not granted by the Director, or a designee, benefits will only be allowed for the period of care authorized by the Mental Health Review Contractor or appropriate managed care contractor.

F. Concurrent Review. Concurrent review of the necessity for continued stay will be conducted. The criteria for concurrent review shall be those set forth in [paragraph III.B.](#) under POLICY CONSIDERATIONS. In applying those criteria in the context of concurrent review, special emphasis is placed on evaluating the progress being made in the active clinical treatment being provided and on developing/refining appropriate discharge plans. In general, the decision regarding concurrent review shall be made within one business day of the review, and shall be followed with written confirmation.

IV. EFFECTIVE DATE

Inpatient services provided on and after October 1, 1991.

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